



QST-G-16-01

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WASDEN

April 6, 2016

The Honorable Thad LeVar
Utah Public Service Commission
160 East 300 South, 4th Floor
Salt Lake City, UT 84111

Re: Regulatory Contract between the Idaho and Utah Commissions

Dear Chairman LeVar:

Enclosed for your files is the executed Regulatory Services Contract between the Idaho and Utah Commissions. I have also included the Idaho Commission's Order finding that the contract is in the public interest. The Idaho Commission appreciates your Commission's willingness to regulate Questar Gas Company's operations in Franklin County, Idaho.

You also asked about the appropriate e-mail address for serving your orders and notices on the Idaho Commission. The Utah Commission may serve its orders and notices regarding its Questar proceedings by e-mail to: secretary@puc.idaho.gov.

Once again thank you for your efforts in updating the Regulatory Services Contract between the two Commissions. If you have any questions, please contact me at (208) 334-0312.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Howell, II".

Donald L. Howell, II
Deputy Attorney General

Enclosures

cc: Commissioners
Maria Barratt-Riley
Jean Jewell

bls/L:LeVar_don

CONTRACT FOR REGULATORY SERVICES

This contract is entered into by and between the IDAHO PUBLIC UTILITIES COMMISSION (hereinafter IPUC), whose principal office is located at 472 West Washington Street, Boise, Idaho 83702-5918, telephone (208) 334-0300, and the UTAH PUBLIC SERVICE COMMISSION (hereinafter UPSC), whose principal office is located at 160 East 300 South, Salt Lake City, Utah 84111, telephone (801) 530-6716.

WHEREAS, IPUC has the power and authority pursuant to *Idaho Code* § 61-505(2) to “contract with the regulatory agencies of neighboring states to . . . set rates and charges for customers in Idaho located in or near border communities served by utilities principally located in” neighboring states, and,

WHEREAS, Questar Gas Company, whose principal office is located at 180 East First South, PO Box 11368, Salt Lake City, Utah 84139, serves natural gas customers in Utah, Wyoming, and Idaho, and,

WHEREAS, Questar Gas is a public utility regulated by UPSC, and,

WHEREAS, IPUC has found that the provision of utility service to customers in Franklin County by Questar Gas is in the public interest and has issued Certificate of Public Convenience and Necessity No. 315 to Questar Gas, and,

WHEREAS, the IPUC and UPSC previously entered into a contract for regulatory services dated August 1990, and,

WHEREAS, the IPUC shall maintain its pipeline safety supervision over Questar Gas’s facilities located in Idaho, and,

WHEREAS, IPUC has found that it is impractical or not in the public interest to conduct regulatory proceedings for affected Idaho residents separate from the proceedings conducted by UPSC for Questar Gas’s Utah ratepayers, and,

WHEREAS, Questar Gas’s parent (Questar Corporation) and Dominion Resources, Inc., have entered into an Agreement and Plan of Merger dated January 31, 2016, by which (if approved) Questar Corporation will become a wholly owned subsidiary of Dominion and Questar Gas will subsequently be known as Dominion Questar Gas.

WITNESSETH:

1. Scope. The IPUC and UPSC hereby contract and agree that the rates, charges and service regulations adopted by UPSC for Questar Gas in Utah shall be applied to similarly situated customers served by Questar Gas in Idaho and that the findings, decisions and orders of the UPSC are presumptively correct and will take effect according to the terms of the order of the UPSC, with review as provided by *Idaho Code* § 61-505(4). Idaho residents who receive utility service from Questar Gas will be accorded full rights of representation and participation in the hearings conducted by UPSC concerning Questar Gas as well as the same rights that Utah customers have to pursue service-related issues. The rates, charges and service regulations for Idaho customers will not be less favorable than those of similarly situated Utah customers.

2. Winter Moratorium. It is further agreed that Idaho customers of Questar Gas will be subject to Rule 306 of the IPUC Customer Relations Rules for Gas, Electric and Water Public Utilities, IDAPA 31.21.01.306, for purposes of disconnection of natural gas service during the winter months of December through February.

3. Revenue, Expenses, Service. UPSC agrees to include the revenue, investment and expenses of Questar Gas's Idaho service territory in its calculation of rates and charges for Questar Gas. UPSC agrees to place the IPUC on its service lists for any cases involving Questar Gas so that IPUC may receive all orders, notices, etc. that are issued in cases that involve Questar Gas.

4. Toll-Free Number. UPSC agrees to provide toll-free telephone access to Idaho customers of Questar Gas to contact the UPSC.

5. Term and Renewal. It is the intent of IPUC and UPSC that this contract have an initial term of one (1) full calendar year from April 1, 2016, and shall be renewed automatically for additional one (1) year terms, subject to the Termination provision below.

6. Termination. Either party may provide written notice of termination of this contract prior to the expiration of the initial term or each one (1) year renewal term. This contract may be discontinued and terminated pursuant to the applicable laws of either Idaho or Utah.

7. IPUC Review. IPUC may review this contract or rates applied to Idaho residents pursuant to this contract upon petition of Idaho customers of Questar Gas upon the conditions provided by *Idaho Code* § 61-505(4), namely: a showing that all remedies with the UPSC have been exhausted, that all remedies with Questar Gas have been exhausted and that Idaho

customers have been discriminatorily, preferentially or otherwise unlawfully treated by the UPSC.

8. Written Notice. Any notice given in connection with this contract shall be in writing and shall be delivered either by hand to the other party, by certified mail, postage prepaid, return receipt requested, to the addressee provided below or by facsimile transmission to the other party at the facsimile number below. Notice shall be deemed delivered immediately upon personal service or facsimile transmission or forty-eight (48) hours after depositing notice or demand in the United States mail. Either party may change its address by giving written notice of the change to the other party.

TO:

Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074
Telephone: (208) 334-0338
FAX: (208) 334-3762
ATTN: Commission Secretary

TO:

Utah Public Service Commission
160 East 300 South
Salt Lake City, UT 84111
Telephone: (801) 530-6716
FAX: (801) 530-6796
ATTN: Commission Secretary

Street Address for Express Mail:
472 W. Washington Street
Boise, ID 83702-5918

9. Headings. The headings have been inserted for convenience solely and are not to be considered when interpreting the provisions of this contract.

10. Counterparts. This contract may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12. Sovereign Immunity. Nothing in this contract shall be construed as a waiver of Idaho's or Utah's sovereign immunity, which immunity is hereby expressly reserved.

DATED this 6th day of ~~March~~^{April} 2016.

IDAHO PUBLIC UTILITIES COMMISSION
By


Paul Kjellander, President

UTAH PUBLIC SERVICE COMMISSION
By


Thad LeVar, Chairman

bls/M:Contract_UPSC_dh

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|-----------------------------------|---|----------------------|
| IN THE MATTER OF THE JOINT NOTICE |) | |
| AND APPLICATION OF QUESTAR GAS |) | CASE NO. QST-G-16-01 |
| COMPANY AND DOMINION RESOURCES, |) | |
| INC. OF THEIR PROPOSED MERGER |) | ORDER NO. 33496 |
| |) | |

In August 1990, the Commission issued Order No. 23282 granting a Certificate of Public Convenience and Necessity to Questar Gas Company's predecessor, Mountain Fuel Supply Company. The Commission's Certificate authorized the utility to serve customers in Franklin County, Idaho with natural gas utility services. Order No. 23282 also approved "a regulatory service contract" with the Utah Public Service Commission pursuant to *Idaho Code* § 61-505. This section allows the Idaho Commission "to contract with regulatory agencies of neighboring states . . . [to] set rates and charges for customers in Idaho located in or nearby border communities served by utilities principally located in" neighboring states.

On March 3, 2016, Questar filed a "Notice of Agreement and Plan of Merger" between itself and Dominion Resources, Inc. dated January 31, 2016. Dominion is a utility holding company headquartered in Virginia and operates natural gas and electric utilities in a number of states. In their Notice, the parties assert that Dominion Resources will acquire Questar Corporation and change the name of the utility serving Idaho to Dominion Questar Gas. The gas utility "will continue its tradition of providing safe and reliable service at reasonable costs to its customers in Utah, Idaho and Wyoming. Regulation of Questar Gas will not be affected by the Merger." Transmittal Letter at 1-2. In their Notice, the parties state that "no change will be made to Questar Gas's existing filed rates, rules, regulations and classifications under its existing tariff as a result of the Merger." Notice at 13.

Given the pending transaction between Dominion and Questar, the Idaho Staff recommended that the 1990 regulatory contract between the Utah and Idaho Commissions be updated. The Idaho Staff submitted an updated draft regulatory contract for review by the Utah Commission. The Utah Commission opened a docket inviting public comment on the proposed contract on March 11, 2016. No comments were filed in the Utah docket and the Chairman of the Utah Commission executed the contract on March 23, 2016.

THE UPDATED CONTRACT

The updated regulatory contract between the two Commissions removes all references to “Mountain Fuel Supply Company”; updates citations concerning references to the Idaho Commission’s winter moratorium Rule 306, IDAPA 31.21.01.306; and provides that the contract shall be renewed automatically each year on April 1 subject to termination by either party upon written notice. The new contract also deletes a former provision regarding the sharing of Idaho regulatory fees for Questar. The Idaho Staff recommended deleting this clause because the Idaho Commission currently performs natural gas safety inspections for Questar – authority that Idaho did not exercise when the regulatory contract was first initiated in 1990. The new contract contains other minor changes regarding notice provisions and formatting changes.

LEGAL STANDARDS

Idaho Code § 61-505 provides that before the Commission may enter into a regulatory service contract with a neighboring state, it must make several findings. These findings include: (1) the continued provision of utility service by Questar is in the public interest; (2) it is impractical or not in the public interest for the Idaho Commission to regulate the utility principally-located in Utah; (3) affected Idaho residents have full rights of participation before the Utah Public Service Commission and exercise the same rights as Utah customers; and (4) the rates, charges and service regulations for Idaho customers are not less favorable than those in Utah.

DISCUSSION AND FINDINGS

We have reviewed the updated contract for regulatory services between the Idaho and Utah Commissions. We find the changes to the agreement outlined above to be reasonable and appropriate. We also note that the Utah Commission opened a docket and invited public comment on the proposed contract. No comments were received and the Chairman of the Utah Commission executed the contract and returned it to Idaho on March 23, 2016.

Consistent with the criteria laid out in *Idaho Code* § 61-505(3), we find that:

1. The continued provision of natural gas utility service to Franklin County by Questar and any successor is in the public interest;
2. It is impractical or not in the public interest for the Idaho Commission to conduct proceedings for Questar’s operation in Franklin County separate from proceedings conducted by the Utah Commission for Questar ratepayers located in Utah;

3. Questar's Idaho customers located in Franklin County have full rights of participation in hearings conducted by the Utah Commission and the same rights as Utah customers have to pursue service-related issues against Questar; and
4. The rates, charges and services applicable to Questar's Idaho customers are not less favorable than those of Questar's customers located in Utah.

Consequently, we find that it is in the public interest for us to execute the new contract for regulatory services with the Utah Commission. As the case with our prior contract, Idaho's winter moratorium Rule 306, IDAPA 31.21.01.306, shall apply to Questar's customers located in Idaho. We appreciate the assistance of the Utah Commission for its services in regulating the rates and services provided by Questar to Idaho customers.

ORDER

IT IS HEREBY ORDERED that the updated contract for regulatory services between the Idaho Public Utilities Commission and the Utah Public Service Commission is approved.

IT IS FURTHER ORDERED that the Commission Secretary forward a copy of the executed contract to the Utah Commission for its records. The Utah Commission may serve its orders and notices regarding its Questar proceedings to our Commission Secretary at: secretary@puc.idaho.gov.

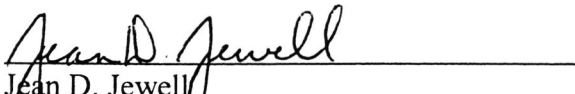
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 6th
day of April 2016.


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:QST-G-16-01_don